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Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 SP-02 ICA-11 AID-05 EB-08
NSC-05 SS-15 STR-07 OMB-01 CEA-01 L-03 H-01 PA-01
CIAE-00 COME-00 FRB-03 INR-10 NSAE-00 XMB-02
OPIC-03 IO-13 AGRE-00 NEA-11 /113 W
----------050859 091416Z /53
R 090911Z MAY 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 5496
INFO AMEMBASSY VIENTIANE

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USADB

PASS TREASURYDEP

EO 11652:N/A
TAGS: EAID, EFIN, ADB, LA
SUBJECT: CURRENT STATUS OF ADB ACTIVITIES IN LAOS

1. IN AN EFFORT TO OBTAIN STATUS OF ADB'S CURRENT RELATIONSHIP WITH LAOS, U.S. EXECUTIVE DIRECTOR OBTAINED FOLLOWING INFORMATION FROM ZIA NOORZOY, ADB OPERATIONS MANAGER FOR INDOCHINA COUNTRIES AND BANGLADESH.

2. NOORZOY REMARKED THAT THE MOST RECENT BANK LOAN TO LAOS WAS APPROVED IN APRIL 1974 FOR THE VIENTIANE WATER SUPPLY PROJECT. THIS PROJECT IS STILL BEING IMPLEMENTED. EXCEPT FOR THE NAM NGUM PROJECT, FOR WHICH THE BANK IS SERVING AS EXECUTING AGENCY AND WHICH IS EXPECTED TO BE COMPLETED PERHAPS IN JULY 1978, THERE HAS BEEN VIRTUALLY NO ADDITIONAL BANK ACTIVITY IN LAOS. HE SAID THE BANK HAD GENERALLY ADOPTED A QUOTE WAIT AND SEE UNQUOTE ATTI-TUDE, BUT POINTED OUT THAT THE SITUATION WAS UNLIKE THAT
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OF VIETNAM, SINCE THE BANK HAD CONTINUED TO MAINTAIN A DIALOGUE WITH LAOS THROUGHOUT THE PAST FEW YEARS AND THAT THE LAO AUTHORITIES HAD SHOWN THEMSELVES TO BE HIGHLY COOPERATIVE, ALTHOUGH THEIR ADMINISTRATIVE CAPABILITY WAS EXCEEDINGLY QUOTE THIN UNQUOTE.

3. NOORZOY THEN GAVE A STATUS REPORT ON THE FOUR PROPOSED

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PROJECTS FOR LOAN FINANCING LISTED IN THE BANK'S LATEST ISSUE OF THE MONTHLY OPERATIONAL INFORMATION (MOI) DOCUMENT. HE ANTICIPATED A PROGRAM TO LAOS IN 1978 IN THE ORDER OF MAGNITUDE OF DOLS 8-10 MILLION.

A. CASIER SUD PIONEER AGRICULTURAL PROJECT -- PROJECT WILL PROVIDE IRRIGATION AND FLOOD PROTECTION WITHIN A SERVICE AREA OF 3,170 HECTARES. THE BANK HAS REAFFIRMED THE PRIORITY OF THIS PROJECT WHICH RECEIVED A DOLS 115,000 TECHNICAL ASSISTANCE GRANT IN MARCH 1973. SOME ADDITIONAL TECHNICAL ASSISTANCE IS NECESSARY TO UPDATE THE COST ESTIMATES AND TO LOOK INTO THE NEW EXECUTING AGENCY. THIS WILL REQUIRE A LITTLE MORE TIME. THE DOLS 10 MILLION FIGURE INDICATED FOR THIS PROJECT IS A TENTATIVE FIGURE AND WOULD INCLUDE SOME LOCAL-COST FINANCING. IT IS DOUBTFUL THAT THE PROJECT WOULD BE READY FOR BOARD OF DIRECTORS CONSIDERATION THIS YEAR.

B. INDUSTRIAL AND AGRICULTURAL CREDIT PROJECT -- A LINE OF CREDIT WILL BE PROVIDED TO THE NATIONAL BANK OF LAOS FOR SUB-LENDING TO SMALL SCALE INDUSTRY AND AGRICULTURE. BANK FACT-FINDING MISSION IS EXPECTED TO LEAVE THIS WEEK FOR VIENTIANE. THE PROJECT IS LIKELY TO COME BEFORE THE BOARD OF DIRECTORS THIS YEAR. IT WILL AMOUNT TO ABOUT DOLS 3 TO 4 MILLION.

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C. FORESTRY AND FOREST INDUSTRIES PROJECT -- PROJECT TO CONSIST OF IMPROVEMENT OF LOGGING OPERATIONS AND EXPANSION OF WORK PROCESSING INDUSTRIES FOR EXPORT AND DOMESTIC USE. A DOLS 74,000 TECHNICAL ASSISTANCE GRANT FOR THIS PROJECT WAS APPROVED BY ADB PRESIDENT IN NOVEMBER 1977. THE LOAN PROJECT (ABOUT DOLS 7 TO 8 MILLION) IS A GOOD CANDIDATE FOR CONSIDERATION THIS YEAR. A PRE-APPRAISAL MISSION VISITED LAOS LAST MONTH, AND PLANS ARE BEING MADE TO APPRAISE THE PROJECT.

D. THA NGON REHABILITATION AND AGRICULTURAL CREDIT - THIS PROJECT PROVIDES FOR (I) REHABILITATION INCLUDING IMPROVEMENT OF MAIN AND LATERAL CANALS, CLEARING OF 120 HA. OF LAND, CONSTRUCTION OF INTAKES AND CANALS FOR ADDITIONAL IRRIGATION OF 40 HA.; AND (II) PROVISION OF FERTILIZER AND OTHER AGRICULTURAL INPUTS. PROJECT WAS ADDED TO THE LIST IN THE LATEST ISSUE OF THE MOI. HOWEVER IT WAS LIKELY TO BE READY IN 1979.

4. NOORZOY OBSERVED THAT, WHILE HE DID NOT ATTEND THE RECENT ADB ANNUAL MEETING IN VIENNA, HE UNDERSTOOD THERE WAS QUITE A BIT OF DISCUSSION BETWEEN LAOS DELEGATION AND

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THE REPRESENTATIVES OF EEC AND OPEC ABOUT POSSIBLE CO-FINANCING ARRANGEMENTS. HE CONCLUDED HIS REMARKS BY SAYING THAT THE TWO TECHNICAL ASSISTANCE PROJECTS LISTED IN THE MOI (VIENTIANE PROVINCE ELECTRIFICATION AND VIENTIANE PROVINCE ROAD DEVELOPMENT) WERE NOT EXPECTED TO BE READY FOR CONSIDERATION OF BOARD OF DIRECTORS THIS YEAR.

5. USED THEN REITERATED THAT HE WOULD BE REQUIRED TO VOTE AGAINST ANY BANK PROJECT FOR LAOS DURING THE CURRENT FISCAL YEAR. HE SAID HE WOULD LIKE TO AVOID THE NECESSITY OF SUCH A VOTE AND THEREFORE HOPED THE PROCESSING OF THESE LOAN PROJECTS COULD BE DELAYED IN LIGHT OF THE ABOVE AS

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NSC-05 SS-15 STR-07 OMB-01 CEA-01 L-03 H-01 PA-01
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OPIC-03 IO-13 AGRE-00 NEA-11 /113 W
----------050831 091416Z /53
R 090911Z MAY 78
FM AMEMBASSY MANILA
TO SECSTATE WASHDC 5497
INFO AMEMBASSY VIENTIANE

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USADB

PASS TREASURY

WELL AS THE NEED FOR BANK RESOURCES TO BE USED ELSEWHERE.
EDMOND

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, DEVELOPMENT PROGRAMS, DEVELOPMENT BANKS
Control Number: n/a
Copy: SINGLE
Draft Date: 09 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978MANILA07583
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780196-0466
Format: TEL
From: MANILA USADB
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780579/aaaacpgt.tel
Line Count: 161
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 298b2aa2-c288-dd11-92da-001cc4696bcc
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03 may 2005
Review Event:
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Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2749944
Secure: OPEN
Status: NATIVE
Subject: CURRENT STATUS OF ADB ACTIVITIES IN LAOS
TAGS: EAID, EFIN, LA, ADB
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/298b2aa2-c288-dd11-92da-001cc4696bcc
Review Markings:
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